

Alternatives to the sustainable growth rate (SGR) formula

ISSUE: Medicare expenditures for physician services are growing rapidly. At the same time, the current physician fee update system, the sustainable growth rate (SGR) system, is addressing volume growth by calling for a reduction in the individual price of physician services. The current projection is for multiple years of negative updates.

The Commission described the shortcomings of the SGR system in its March 2005 report to the Congress. We are following up with empirical analysis of modifications to the SGR system that we discussed in concept in the March 2005 report.

KEY POINTS: For this month, we will discuss our work plan and data limitations.

ACTION: The session is designed to describe and receive feedback on the work plan.

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